

# **ANNUAL BUDGET OF NTAMBANANA LOCAL MUNICIPALITY**



## **2014/15 TO 2016/17 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## 1. DEFINITIONS

(1) In this Budget Report, unless the context indicates otherwise –

**“accounting officer”**

(a) in relation to a municipality, means the municipal official referred to in section 60 of the Municipal Finance Management Act, 2003; and include a person acting as the accounting officer;

**“allocation”**, in relation to a municipality, means -

- (a) a municipality's share of the local government's equitable share referred to in section 214(1)(a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1)(c) of the Constitution;
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

**“annual Division of Revenue Act”** means the Act of Parliament which must be enacted annually in terms of section 214 (1) of the Constitution;

**“approved budget”** means an annual budget -

- (a) Approved by a municipal council; or
- (b) Approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

**“basic municipal service”** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

**“budget-related policy”** means a policy of a municipality affecting or affected by the annual budget of the municipality, including -

- (a) The tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) The credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

**“budget year”** means the financial year for which an annual budget is to be approved in terms of section 16(1) of the Municipal Finance Management Act, 2003.;

**“chief financial officer”** means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act, 2003.

**“councillor”** means a member of a municipal council;

**“CPI”** means Consumer price Index.

**“current year”** means the financial year which has already commenced, but not yet ended;

**“debt”** means -

- (a) a monetary liability or obligation created by a financing agreement, note, debenture, bond or overdraft, or by the issuance of municipal debt instruments; or
- (b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

**“delegation”**, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

**“district municipality”** means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

**“COGTA”** means Cooperative Governance and Traditional Affairs

**“EXCO”** means Executive Committee of the Council of the Municipality

**“GFS”** means General Financial Statistic.

**“financial year”** means a year ending on 30 June;

**“IDP”** means Integrated Development Plan

**“In year reports, in relation to-**

(a) a municipality means

- (i) a monthly budget statement of the municipality contemplated in section 71(1) of the MFMA
- (ii) a Quarterly report on the implementation of the budget and financial state of affairs of the municipality contemplated in section 52(d) of the act;
- (iii) a mid-year budget and performance assessment of the municipality contemplated in section 72 of the act.

**“investment”**, in relation to funds of a municipality, means -

- (a) The placing on deposit of funds of a municipality with a financial institution; or
- (b) The acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

**“lender”**, in relation to a municipality, means a person who provides debt finance to a municipality;

**“local community”** has the meaning assigned to it in section 1 of the Municipal Systems Act;

**“local municipality”** means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

**“long-term debt”** means debt repayable over a period exceeding one year;

**“MANCO”** means management committee of the municipality

**“MFMA”** Municipal Finance Management Act, No. 56 of 2003

**“MFMA Regulations or (MBRR)”** means regulations relating to Municipal Budget and Reporting

**“MTEF”** means Medium Term Expenditure Framework

**“mayor”**, in relation to -

- (a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or
- (b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of section 48 of that Act;

**“month”** means one of the 12 months of a calendar year;

**“municipality”** -

- (a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

**“municipal service”** has the meaning assigned to it in section 1 of the Municipal Systems Act;

**“Municipal Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

**“municipal tariff”** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

**“municipal tax”** means property rates or other taxes, levies or duties that a municipality may impose;

**“National Treasury”** means the National Treasury established by section 5 of the Public Finance Management Act;

**“past financial year”** means the financial year preceding the current year;

**“NER”**, means the National Electricity Regulator;

**“Provincial Treasury”** means a treasury established in terms of section 17 of the Public Finance Management Act;

**“quarter”** means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

**“Quality certificate”**, in relation to

- (a) a municipality, means a certificate issued and signed by the municipal manager of the municipality confirming the accuracy and reliability of the contents of a document prepared or issued by the municipality

**“SDBIP”** means Service Delivery Budget Implementation Plan

**“standards of generally recognised accounting practice”** means an accounting practice complying with standards applicable to municipalities or municipal entities and issued in terms of Chapter 11 of the Public Finance Management Act;

**“vote”** means -

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

# 1 Part 1 – Annual Budget

## 1.1 Mayor's Report

The Municipal Finance Management Act 56 of 2003, section 24(1) requires the municipal council to consider the approval of the annual budget at least 30 days before the start of the budget year.

In addition the National Treasury has made available the MFMA circulars 70 and 72 issued in December 2013 and March 2014 respectively, which provide further guidance to municipalities and municipal entities for the preparation of their 2014/15 Budgets and Medium Term Revenue and Expenditure Framework (MTREF).

Taking into account the national budget, the relevant provincial budget, the national government's fiscal and micro-economic policy, the annual **Division of Revenue Act** and any agreement reached in the budget forum.

Management within the local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Ntambanana Local Municipality. Budgeting is preliminary about the choices that municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for compilation of the Ntambanana's financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

I would like to thank the council of Ntambanana for the support given thus far especially with the adoption of a series of user friendly templates that have been developed by National Treasury to make the implementation of the format reforms as easy as possible for Ntambanana Municipality.

The templates are designed to assist with the production of all schedule, tables, supporting tables and charts in compliances with the Municipal Finance Management Act, 2003 (Act no. 56 of 2003) the municipal budget and reporting regulations issued on the 17 April 2009. (Government Gazette 32141) and the various MFMA Circulars issued by National Treasury.

## 1.2 Council Resolutions

The Council of Ntambanana Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1. The draft annual budget of the Municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
  - 1.1 Budgeted Financial performance (revenue and expenditure by standard classification) as contained in Table 18
    - 1.1.1 Budgeted Financial performance (revenue and expenditure by municipal vote)
    - 1.1.2 Budgeted Financial performance (revenue by source and expenditure by type)
    - 1.1.3 Multi – year and single year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22.
  - 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 23;
    - 1.2.2. Budgeted Cash Flows as contained in Table 23;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25;
    - 1.2.4 Asset management as contained in Table 26;
    - 1.2.5 Basic service delivery measurement as contained in Table 26.
- 2 The Council of Ntambanana Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:
  - 2.1. the tariffs for property rates

## 1.3 Executive Summary

The application of sound financial management principles for the compilation of Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

MFMA Circular No. 70 states that the 2014 Budget Review notes that spending plans outlined in the 2014 Budget continue to support government's commitment to broadening service delivery and expanding investment in infrastructure, while taking account of the constrained fiscal environment. South Africa's economy is projected to grow by 2.1 per cent in 2013 while GDP growth is expected to reach 3.5 per cent by 2016.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2014/15 and ***so municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts.***

Municipalities should carefully consider affordability of tariff increases; especially as it relates to domestic consumer while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decision. ***Municipalities must implement cost containing measures as approved by Cabinet to eliminate non – priority spending.***



National Treasury's MFMA Circular No.70 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Wage increases for municipal staff that continues to exceed consumer inflation.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2014/15 Adjustment Budget priorities and targets, as well as the base line allocations contained in that Adjustment Budget were adopted as upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Property rate increases should be affordable and should generally not exceed inflation as measured by the CPI.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

**Table 1 Consolidated Overview of the 2014/15 MTREF**

<b>R thousand</b>	<b>Adjustments Budget 2013/14</b>	<b>Budget Year 2014/15</b>	<b>Budget Year +1 2015/16</b>	<b>Budget Year +2 2016/17</b>
Total Operating Revenue	63 825 000	45 934 000	59 878 000	60 180 000
Total Operating Expenditure	62 813 000	44 440 000	51 066 000	53 006 000
<i>(Surplus)/Deficit for the year</i>	1 012 000	1 494 000	8 812 000	7 174 000
Total Capital Expenditure	<b>15 358 184</b>	<b>16 974 784</b>	<b>15 470 838</b>	<b>15 977 706</b>

Total operating revenue has decreased by 28 per cent or R17, 891 million for the 2014/15 financial year when compared to the 2013/14 Adjustment Budget due to the none allocation of National Electrification Grant allocation for 2014/15 financial year, total operating revenue for 2013/14 was increased by grants that were not spent at the beginning of the financial year which were then brought in to the adjustments budget for spending. For the outer years, operational revenue will increase by 30 and 0.5 per cent respectively.

Total operating expenditure for the 2014/15 financial year has been appropriated at R44.4 million and translates into a budget surplus of R1, 494 million. When compared to the 2013/14 Adjustment Budget, operational expenditure has decreased by 29 per cent in the 2013/14 budget and increased by 15 and 3.8 per cent for each of respective outer years of the MTREF.

The capital budget of R16, 975 million for 2014/15 is 10 per cent more compared to the 2013/14 Adjustment Budget. The increase is caused by an increase in allocation for MIG and top up capital grant from PT for the construction of sports field. The capital expenditure increases by 8.85 and 3.3 per cent respectively. The capital budget of Ntambanana Municipality is funded by National & Provincial Government Grants i.e. Municipal Infrastructure Grant & Equitable Share for other assets.



## 1.4 Operating Revenue Framework

For Ntambanana Local Municipality to continue improving the quality of service provided to its citizens it needs to generate the required revenue. In these tough times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceeds available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy
- Effective revenue management
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 Of 2004) (MPRA)

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>									
Property rates	1,858	1,202	1,248	1,679	1,353	1,353	1,353	1,429	1,509
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-
Interest earned - external investments	90	713	1,173	570	932	932	1,074	1,132	1,193
Interest earned - outstanding debtors	-	75	-	-	-	-	27	29	30
Dividends received	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	45,499	34,414	51,828	46,428	58,226	58,226	43,378	57,181	57,335
Other revenue	460	1,034	582	1,992	3,314	3,314	102	107	113
Gains on disposal of PPE	-	2,661	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>47,907</b>	<b>40,098</b>	<b>54,832</b>	<b>50,669</b>	<b>63,825</b>	<b>63,825</b>	<b>45,934</b>	<b>59,878</b>	<b>60,180</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from operating statement, as inclusions of these revenue sources would distort the calculation of the operating surplus/deficit.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Interest comprises of; interest on primary bank account as well as interest earned from call investment accounts. Other revenue Includes; tender monies, hall hire, rent-internal and LGSeta refund.

Operating grants and transfers totals R 63,825 million in 2013/14 financial year and decreases to R 45,934 million in 2014/15 financial year. Note that it has increased to R 59,878 and R 60,180 million respectively for the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 3 Operating Transfers and Grants Receipts**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>41,586</b>	<b>35,914</b>	<b>46,113</b>	<b>38,943</b>	<b>38,943</b>	<b>38,943</b>	<b>35,386</b>	<b>49,009</b>	<b>48,482</b>
Local Government Equitable Share	13,236	17,674	19,194	24,403	24,403	24,403	30,881	42,192	42,364
Finance Management	1,200	1,450	1,533	1,650	1,650	1,650	1,800	1,950	2,100
Municipal Systems Improvement	750	790	845	890	890	890	934	967	1,018
Integrated National Electrification Programme	26,400	16,000	23,548	11,000	11,000	11,000	–	3,900	3,000
EPWP Incentive			993	1,000	1,000	1,000	1,771	–	–
Other transfers/grants [insert description]									
<b>Provincial Government:</b>	<b>–</b>	<b>233</b>	<b>447</b>	<b>634</b>	<b>634</b>	<b>634</b>	<b>2,911</b>	<b>699</b>	<b>956</b>
Sport and Recreation							2,250	–	–
Provincialisation of Libraries	–	233	447	634	634	634	661	699	956
<b>District Municipality:</b>	<b>3,913</b>	<b>5,452</b>	<b>3,415</b>	<b>6,851</b>	<b>6,851</b>	<b>6,851</b>	<b>7,181</b>	<b>7,473</b>	<b>7,897</b>
Refuse Removal	3,913	5,452	3,415	6,851	6,851	6,851	7,181	7,473	7,897
<b>Other grant providers:</b>	<b>–</b>	<b>–</b>	<b>1,124</b>	<b>–</b>	<b>3,876</b>	<b>3,876</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cogta - Corridor Development			1,124	–	3,876	3,876	–	–	–
<b>Total Operating Transfers and Grants</b>	<b>45,499</b>	<b>41,599</b>	<b>51,099</b>	<b>46,428</b>	<b>50,304</b>	<b>50,304</b>	<b>45,478</b>	<b>57,181</b>	<b>57,335</b>

Tariff – setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of 6 per cent upper boundary of the South African Reserve Bank's inflation target.

#### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co – operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non – residential categories, public service infrastructure and agriculture properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purpose is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy.
- In imposing a rate in the Rand for each annual operating budget component, the Council of the Municipality may grant exemptions, rebates and reductions to categories of properties. However, the Council reserves the right to amend these exemptions, rebates and reduction if the circumstances of a particular annual budget so dictate.

The categories of rate-able properties for purposes of levying rates and the proposed rates for 2014/15 are listed below:

**Table 4 Current municipal tariffs**

Category	Ratios	Current Tariff	Rebate	Phasing in
Agriculture	1:0.25	0.00253	50%	100%
Industrial	1:3	0.03032	30%	100%
Public Service Infrastructure	1:0.25	0.00253	30%	100%
Institutional	1:0.25	0.00253	100%	100%
Residential	1:1	0.01011	50%	100%
Government	1:1	0.01011	20%	100%
Place of worship	1:0.25	0.00253	100%	100%
Rural communal land	1:0.25	0.00253	100%	100%
Municipal	1:0.25	0.00253	100%	100%

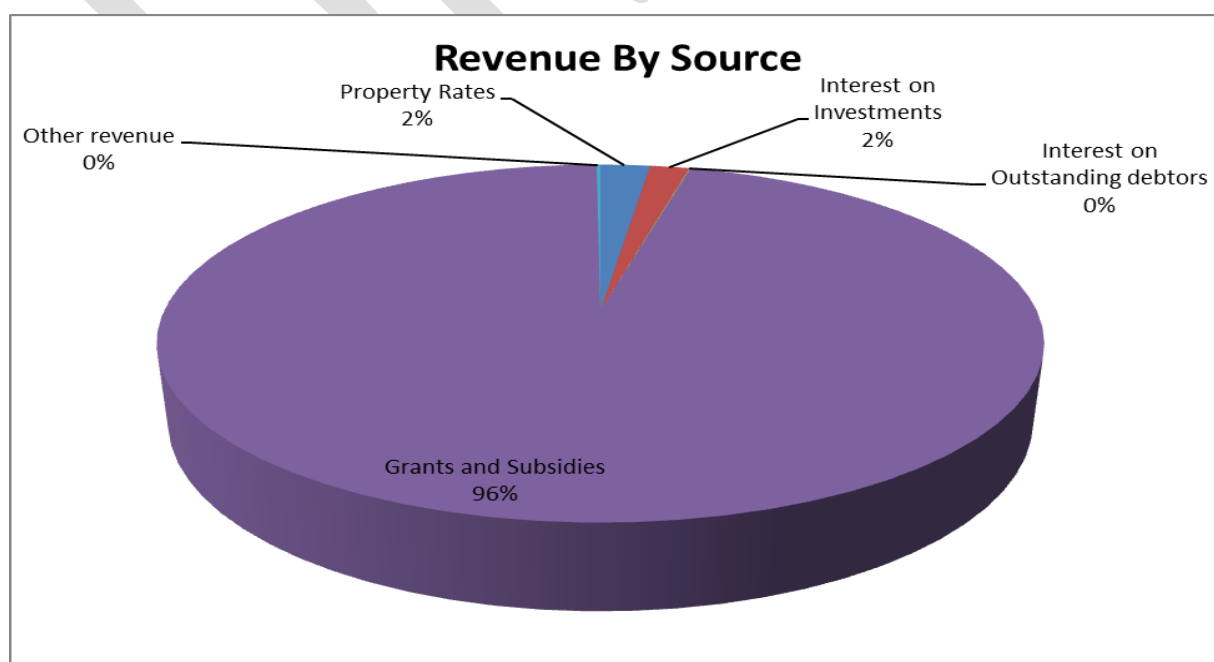
All rebates and exemptions are contained in the Rates Policy and may in certain instances be applied to the rate as assessed above.

General:

1. Any rates that are not paid on the due date will be subject to interest at the rate of **0.833%** per month.
2. Any rates remaining unpaid longer than 3 months will be subject to legal action to be instituted to recover the area amount.

The following chart is a breakdown of the operational revenue per main category for the 2014/15 financial year.

Ntambanana Local Municipality derives most of its operational revenue from operating grants from organs of state as it is shown on the chart that **96 per cent** of revenue is from grants and subsidies.



**Figure 1 Main operational revenue categories for 2014/15 financial year.**

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Balanced budget constrains (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure)

**Table 5 Summary of operating expenditure by standard classification item**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Expenditure By Type</b>									
Employee related costs	8,016	9,185	10,146	11,030	13,172	13,172	14,344	15,262	16,238
Remuneration of councillors	2,487	2,871	2,912	3,232	3,850	3,850	3,966	4,219	4,489
Debt impairment	-	-	(22)	84	68	68	71	76	81
Depreciation & asset impairment	1,271	1,260	2,281	1,065	2,281	2,281	2,430	2,586	2,751
Finance charges	-	-	-	-	-	-	33	36	38
Bulk purchases	-	-	-	-	-	-	-	-	-
Other materials	284	364	622	510	510	510	539	568	599
Contracted services	1,390	807	2,390	14,254	28,026	28,026	4,400	8,544	7,901
Transfers and grants	731	746	746	944	944	944	997	1,051	1,108
Other expenditure	28,301	21,757	22,227	17,567	8,572	13,963	17,660	18,725	19,801
Loss on disposal of PPE	(67)	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>42,413</b>	<b>36,990</b>	<b>41,300</b>	<b>48,686</b>	<b>57,422</b>	<b>62,813</b>	<b>44,440</b>	<b>51,066</b>	<b>53,006</b>

The budgeted allocation for employee related costs for 2014/15 financial year totals R 14,344 million, which equals 31 per cent of the total operating expenditure. Ntambanana Local Municipality has budgeted for an increase of 6, 80 per cent for 2014/15 financial year. An annual increase of 6, 4 and 6, 4 per cent has been budgeted for in two outer years of the MTREF respectively as guided by MFMA circular 70.

The cost associated with the remuneration of councillors is determined by the minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

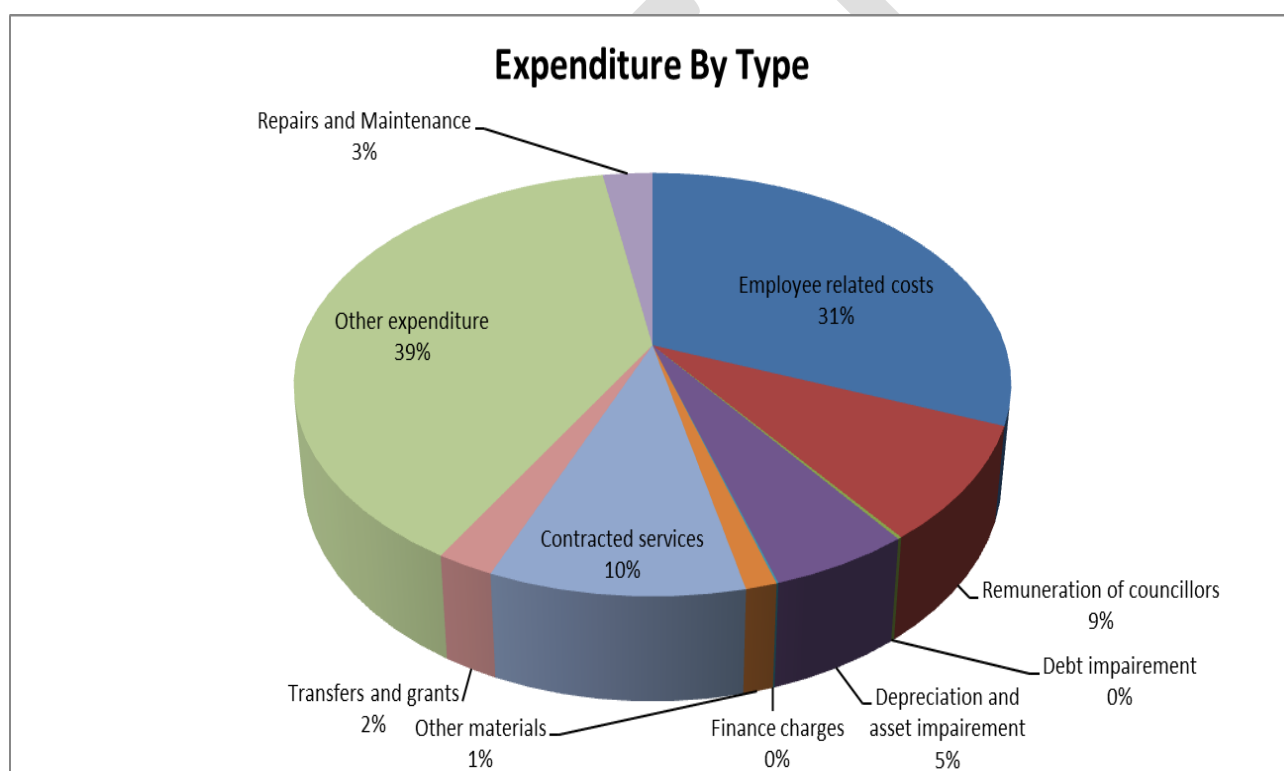
Provision for depreciation has been informed by Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriation in this regard totals to R 2,430 million for 2014/15 financial year and equals to 5 per cent of the total operating expenditure.

Other material comprises of amongst others the purchase of fuel, diesel, material for maintenance, cleaning materials and chemicals.

Contracted services have been identified as cost saving area for the Municipality. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. Compared to last financial year there is decrease on contracted services expenditure for 2014/15 financial year, this increment has been caused by the reclassification of 'other expenditure' to comply with the new version of the budget. Some of the expenditure items have been removed from general expenses and they are now under contracted services

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5.6 per cent for 2014/15 and curbed at 5.4 and 5.4 per cent for the two outer years, indicating that significant cost savings have been already realised. It must be noted that other expenditure also includes expenditure funded from operating grants.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.



**Figure 2 Main operational expenditure categories for the 2014/15 financial year**

**Table 6 Operational repairs and maintenance**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Repairs and Maintenance</b>									
Employee related costs									
Other materials									
Contracted Services									
Other Expenditure	166	277	1,653	983	983	983	1,215	1,123	1,184
<b>Total Repairs and Maintenance Expenditure</b>	<b>166</b>	<b>277</b>	<b>1,653</b>	<b>983</b>	<b>983</b>	<b>983</b>	<b>1,215</b>	<b>1,123</b>	<b>1,184</b>

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered as a direct expenditure driver but an outcome of certain other expenditure, such as remuneration, purchases of materials and contracted services. Ntambanana Local Municipality is aware of the Municipal Budget and Reporting Regulations which states that priority must be given to operational repairs and maintenance but because of its capacity and a small number of assets that the municipality owns the budgeted amount is reflected on the table above so small. Repairs and maintenance has been increased by 28 per cent compared to 2013/14 financial year.

#### 1.5.1 Free Basic Services

The free basic service assists households that are poor or face other circumstances that limit their ability to pay for services. To receive this service the households are required to register in terms of the Municipality's Indigent Policy. The qualification criterion in terms of the municipality's Indigent policy is that, the household joint gross income should not exceed two times the government old age pension grant.

## 1.6 Capital expenditure

**Table 7 List of capital projects per ward**

The following are some of the projects to be undertaken over the medium-term includes, amongst others:

Ntambanana Municipality: Municipal Infrastructure Projects 2014/15				
Project Name	Provincial Reference No	Ward	Financial Period	Approved Project Value R
Debe Community Hall	2013MIGFK283216836	1	2014/15	2 083 871.47
Mabhensa Sportsfield	2014MIGFK2832169947	2	2014/15	2 409 999.99
Njomelwane Sportsfield	2011MIGFK283204530	3	2014/15	2 409 999.99
Themba Community Hall	2013MIGFK283216951	4	2014/15	2 083 871.47
Enhlanhleni Creche	2012MINGFK2832101991	5	2014/15	1 084 577.85
Mvazana Indoor Sports Centre	2012MIGFK283210192	6	2014/15	4 527 921.60
Izithombothi Creche	2013MIGFK283216954	7	2014/15	1 236 707.91
Maqedipleti Community Hall	2014MIGFK283216955	8	2014/15	2 083 871.47



### **1.7 Annual Budget Tables – Parent Municipality**

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as recommended to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

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Table 9 MBRR Table A1 – Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	1,858	1,202	1,248	1,679	1,353	1,353	1,353	1,429	1,509
Service charges	–	–	–	–	–	–	–	–	–
Investment revenue	90	713	1,173	570	932	932	1,074	1,132	1,193
Transfers recognised - operational	45,499	34,414	51,828	46,428	58,226	58,226	43,378	57,181	57,335
Other own revenue	460	3,770	582	1,992	3,314	3,314	129	136	144
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>47,907</b>	<b>40,098</b>	<b>54,832</b>	<b>50,669</b>	<b>63,825</b>	<b>63,825</b>	<b>45,934</b>	<b>59,878</b>	<b>60,180</b>
Employee costs	8,016	9,185	10,146	11,030	13,172	13,172	14,344	15,262	16,238
Remuneration of councillors	2,487	2,871	2,912	3,232	3,850	3,850	3,966	4,219	4,489
Depreciation & asset impairment	1,271	1,260	2,281	1,065	2,281	2,281	2,430	2,586	2,751
Finance charges	–	–	–	–	–	–	33	36	38
Materials and bulk purchases	284	364	622	510	510	510	539	568	599
Transfers and grants	731	746	746	944	944	944	997	1,051	1,108
Other expenditure	29,624	22,564	24,594	31,905	36,665	42,056	22,131	27,345	27,783
<b>Total Expenditure</b>	<b>42,413</b>	<b>36,990</b>	<b>41,300</b>	<b>48,686</b>	<b>57,422</b>	<b>62,813</b>	<b>44,440</b>	<b>51,066</b>	<b>53,006</b>
<b>Surplus/(Deficit)</b>	<b>5,494</b>	<b>3,108</b>	<b>13,532</b>	<b>1,982</b>	<b>6,403</b>	<b>1,012</b>	<b>1,494</b>	<b>8,812</b>	<b>7,174</b>
Transfers recognised - capital	8,363	10,095	13,216	13,412	15,330	15,330	16,696	15,177	15,668
Contributions recognised - capital & contributed a	–	–	–	264	264	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>13,857</b>	<b>13,203</b>	<b>26,748</b>	<b>15,658</b>	<b>21,997</b>	<b>16,342</b>	<b>18,190</b>	<b>23,989</b>	<b>22,842</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>13,857</b>	<b>13,203</b>	<b>26,748</b>	<b>15,658</b>	<b>21,997</b>	<b>16,342</b>	<b>18,190</b>	<b>23,989</b>	<b>22,842</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>18,313</b>	<b>21,713</b>	<b>13,987</b>	<b>13,676</b>	<b>15,358</b>	<b>15,358</b>	<b>16,975</b>	<b>15,471</b>	<b>15,978</b>
Transfers recognised - capital	8,475	10,193	12,364	13,412	15,094	15,094	16,696	15,177	15,668
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	1,476	1,425	1,623	264	264	264	279	294	310
<b>Total sources of capital funds</b>	<b>9,951</b>	<b>11,618</b>	<b>13,987</b>	<b>13,676</b>	<b>15,358</b>	<b>15,358</b>	<b>16,975</b>	<b>15,471</b>	<b>15,978</b>
<b>Financial position</b>									
Total current assets	6,912	19,467	23,312	12,038	8,939	5,070	7,500	17,481	25,913
Total non current assets	–	37,660	49,448	25,300	28,000	62,415	76,960	89,846	103,072
Total current liabilities	–	14,050	15,560	540	650	–	–	–	–
Total non current liabilities	–	–	–	–	–	–	–	–	–
Community wealth/Equity	–	43,077	57,200	36,798	36,289	67,485	84,460	107,326	128,985
<b>Cash flows</b>									
Net cash from (used) operating	10,512	19,091	17,322	5,081	(2,646)	(201)	19,405	25,451	24,410
Net cash from (used) investing	(7,946)	(8,019)	(14,091)	–	(15,094)	(15,358)	(16,975)	(15,471)	(15,978)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>6,326</b>	<b>17,398</b>	<b>20,630</b>	<b>25,711</b>	<b>2,890</b>	<b>5,070</b>	<b>7,500</b>	<b>17,481</b>	<b>25,913</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	6,327	17,398	20,630	10,800	8,519	5,070	7,500	17,481	25,913
Application of cash and investments	(322)	12,570	13,051	2	530	–	–	–	–
<b>Balance - surplus (shortfall)</b>	<b>6,649</b>	<b>4,827</b>	<b>7,579</b>	<b>10,798</b>	<b>7,989</b>	<b>5,070</b>	<b>7,500</b>	<b>17,481</b>	<b>25,913</b>
<b>Asset management</b>									
Asset register summary (WDV)	–	37,660	49,448	25,300	28,000	62,415	76,960	89,846	103,072
Depreciation & asset impairment	1,271	1,260	2,281	1,065	2,281	2,281	2,430	2,586	2,751
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	391	277	1,426	983	983	983	1,215	1,123	1,184
<b>Free services</b>									
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>									
Water:	–	5	5	6	6	6	6	7	8
Sanitation/sewage:	–	6	7	7	7	7	8	9	10
Energy:	–	8	8	8	8	8	9	10	10
Refuse:	–	13	13	14	14	14	15	17	19

**Explanatory notes to MBRR Table A1 – Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspective (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic services delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. the operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources.

**Table 10 MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>									
<i><b>Governance and administration</b></i>	16,750	21,294	23,688	30,285	31,583	31,642	35,507	46,829	47,299
Executive and council	13,236	17,674	19,194	24,403	24,403	24,403	30,881	42,192	42,364
Budget and treasury office	3,374	3,523	4,412	5,800	7,141	7,200	4,304	4,592	4,888
Corporate services	139	98	82	82	39	39	322	45	47
<i><b>Community and public safety</b></i>	4,664	7,730	6,424	8,383	20,262	20,262	8,785	9,148	9,881
Community and social services	4,664	7,730	6,424	8,383	20,174	20,174	8,785	9,148	9,881
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	88	88	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	26,400	16,150	37,936	12,000	12,007	27,337	18,338	19,077	18,668
Planning and development	26,400	16,150	37,936	12,000	12,007	27,337	18,338	19,077	18,668
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>47,814</b>	<b>45,174</b>	<b>68,048</b>	<b>50,668</b>	<b>63,852</b>	<b>79,241</b>	<b>62,630</b>	<b>75,055</b>	<b>75,848</b>
<b>Expenditure - Standard</b>									
<i><b>Governance and administration</b></i>	10,572	12,435	17,591	20,578	24,533	24,472	25,887	27,476	29,163
Executive and council	2,771	3,484	6,352	7,466	9,944	7,018	7,342	7,794	8,275
Budget and treasury office	4,855	5,885	6,698	8,670	8,093	10,374	10,944	11,645	12,390
Corporate services	2,946	3,066	4,541	4,442	6,496	7,080	7,601	8,037	8,498
<i><b>Community and public safety</b></i>	3,703	7,237	8,948	12,623	23,934	24,177	13,197	14,013	14,827
Community and social services	3,263	6,701	8,172	12,034	23,348	23,591	12,580	13,358	14,130
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	440	536	776	589	586	586	617	656	697
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	25,345	15,473	28,170	17,068	15,384	15,234	6,571	10,700	10,200
Planning and development	25,345	15,473	28,170	17,068	15,384	15,234	6,571	10,700	10,200
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>39,620</b>	<b>35,146</b>	<b>54,708</b>	<b>50,269</b>	<b>63,851</b>	<b>63,883</b>	<b>45,655</b>	<b>52,189</b>	<b>54,190</b>
<b>Surplus/(Deficit) for the year</b>	<b>8,194</b>	<b>10,028</b>	<b>13,340</b>	<b>399</b>	<b>1</b>	<b>15,358</b>	<b>16,975</b>	<b>22,866</b>	<b>21,659</b>

**Explanatory notes to Table A2 – Budget Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.

**Table 11 MBRR Table A3 – Budgeted Financial performance (revenue and expenditure by municipal vote)**

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	13,236	17,674	19,194	24,403	24,403	24,403	30,881	42,192	42,364
Vote 2 - Budget & Treasury Office	3,374	3,523	4,412	5,800	7,141	7,200	4,304	4,592	4,888
Vote 3 - Corporate & Community	4,804	7,828	6,506	8,465	20,301	20,301	9,106	9,193	9,928
Vote 4 - Technical Services	26,400	16,150	37,936	12,000	12,007	27,337	18,338	19,077	18,668
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>47,814</b>	<b>45,174</b>	<b>68,048</b>	<b>50,668</b>	<b>63,852</b>	<b>79,241</b>	<b>62,630</b>	<b>75,055</b>	<b>75,848</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive & Council	3,026	3,836	6,803	8,537	10,706	7,780	8,708	9,246	9,817
Vote 2 - Budget & Treasury Office	4,855	5,885	6,698	8,670	8,093	10,374	10,944	11,645	12,390
Vote 3 - Corporate & Community	6,649	10,303	13,489	17,065	30,430	31,257	20,797	22,050	23,325
Vote 4 - Technical Services	25,090	15,121	27,719	15,997	14,622	14,472	5,205	9,248	8,658
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>39,620</b>	<b>35,146</b>	<b>54,708</b>	<b>50,269</b>	<b>63,851</b>	<b>63,883</b>	<b>45,655</b>	<b>52,189</b>	<b>54,190</b>
<b>Surplus/(Deficit) for the year</b>	<b>8,194</b>	<b>10,028</b>	<b>13,340</b>	<b>399</b>	<b>1</b>	<b>15,358</b>	<b>16,975</b>	<b>22,866</b>	<b>21,659</b>

**Explanatory notes to MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure per municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 12 MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure)**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates	1,858	1,202	1,248	1,679	1,353	1,353	1,353	1,429	1,509
Property rates - penalties & collection charges									
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-
Service charges - other									
Rental of facilities and equipment									
Interest earned - external investments	90	713	1,173	570	932	932	1,074	1,132	1,193
Interest earned - outstanding debtors		75					27	29	30
Dividends received									
Fines									
Licences and permits									
Agency services									
Transfers recognised - operational	45,499	34,414	51,828	46,428	58,226	58,226	43,378	57,181	57,335
Other revenue	460	1,034	582	1,992	3,314	3,314	102	107	113
Gains on disposal of PPE		2,661							
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>47,907</b>	<b>40,098</b>	<b>54,832</b>	<b>50,669</b>	<b>63,825</b>	<b>63,825</b>	<b>45,934</b>	<b>59,878</b>	<b>60,180</b>
<b>Expenditure By Type</b>									
Employee related costs	8,016	9,185	10,146	11,030	13,172	13,172	14,344	15,262	16,238
Remuneration of councillors	2,487	2,871	2,912	3,232	3,850	3,850	3,966	4,219	4,489
Debt impairment	-	-	(22)	84	68	68	71	76	81
Depreciation & asset impairment	1,271	1,260	2,281	1,065	2,281	2,281	2,430	2,586	2,751
Finance charges	-	-	-	-	-	-	33	36	38
Bulk purchases	-	-	-	-	-	-	-	-	-
Other materials	284	364	622	510	510	510	539	568	599
Contracted services	1,390	807	2,390	14,254	28,026	28,026	4,400	8,544	7,901
Transfers and grants	731	746	746	944	944	944	997	1,051	1,108
Other expenditure	28,301	21,757	22,227	17,567	8,572	13,963	17,660	18,725	19,801
Loss on disposal of PPE	(67)								
<b>Total Expenditure</b>	<b>42,413</b>	<b>36,990</b>	<b>41,300</b>	<b>48,686</b>	<b>57,422</b>	<b>62,813</b>	<b>44,440</b>	<b>51,066</b>	<b>53,006</b>
<b>Surplus/(Deficit)</b>	<b>5,494</b>	<b>3,108</b>	<b>13,532</b>	<b>1,982</b>	<b>6,403</b>	<b>1,012</b>	<b>1,494</b>	<b>8,812</b>	<b>7,174</b>
Transfers recognised - capital	8,363	10,095	13,216	13,412	15,330	15,330	16,696	15,177	15,668
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets				264	264	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>13,857</b>	<b>13,203</b>	<b>26,748</b>	<b>15,658</b>	<b>21,997</b>	<b>16,342</b>	<b>18,190</b>	<b>23,989</b>	<b>22,842</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>13,857</b>	<b>13,203</b>	<b>26,748</b>	<b>15,658</b>	<b>21,997</b>	<b>16,342</b>	<b>18,190</b>	<b>23,989</b>	<b>22,842</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>13,857</b>	<b>13,203</b>	<b>26,748</b>	<b>15,658</b>	<b>21,997</b>	<b>16,342</b>	<b>18,190</b>	<b>23,989</b>	<b>22,842</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>13,857</b>	<b>13,203</b>	<b>26,748</b>	<b>15,658</b>	<b>21,997</b>	<b>16,342</b>	<b>18,190</b>	<b>23,989</b>	<b>22,842</b>



**Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue excluding capital transfers is R 45, 934 million in 2014/15 and escalates to R 59,878 and R 60,180 million respectively for the two outer years. This translates an increase of 30 per cent in 2015/16 and 0.50 per cent in 2016/17 financial year.
2. Revenue to be generated from property rates is R 1,353 million in the 2014/15 financial year and increase to R 1, 429 million in the 2015/16 and R 1, 509 in 2016/17.
3. Transfer recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 32 per cent in 2015/16 and 27 per cent in 2016/17 financial years and this brings hope to our impoverished community.

**Table 13 MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding sources**

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury Office	-	300	-	-	-	-	-	-	-
Vote 3 - Corporate & Community	-	-	-	-	-	-	-	-	-
Vote 4 - Technical Services	9,951	11,318	13,987	13,676	15,358	15,358	16,975	15,471	15,978
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>9,951</b>	<b>11,618</b>	<b>13,987</b>	<b>13,676</b>	<b>15,358</b>	<b>15,358</b>	<b>16,975</b>	<b>15,471</b>	<b>15,978</b>
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury Office	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate & Community	-	-	-	-	-	-	-	-	-
Vote 4 - Technical Services	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>9,951</b>	<b>11,618</b>	<b>13,987</b>	<b>13,676</b>	<b>15,358</b>	<b>15,358</b>	<b>16,975</b>	<b>15,471</b>	<b>15,978</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>8,363</b>	<b>10,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council	8,363	10,095	-	-	-	-	-	-	-
Budget and treasury office	-	300	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>9,951</b>	<b>11,318</b>	<b>13,987</b>	<b>13,676</b>	<b>15,358</b>	<b>15,358</b>	<b>16,975</b>	<b>15,471</b>	<b>15,978</b>
Planning and development	9,951	11,318	13,987	13,676	15,358	15,358	16,975	15,471	15,978
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>18,313</b>	<b>21,713</b>	<b>13,987</b>	<b>13,676</b>	<b>15,358</b>	<b>15,358</b>	<b>16,975</b>	<b>15,471</b>	<b>15,978</b>
<b>Funded by:</b>									
National Government	8,475	10,193	12,364	13,412	13,412	13,412	14,596	15,177	15,668
Provincial Government	-	-	-	-	-	-	2,100	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	1,682	1,682	-	-	-
<b>Transfers recognised - capital</b>	<b>8,475</b>	<b>10,193</b>	<b>12,364</b>	<b>13,412</b>	<b>15,094</b>	<b>15,094</b>	<b>16,696</b>	<b>15,177</b>	<b>15,668</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>1,476</b>	<b>1,425</b>	<b>1,623</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>279</b>	<b>294</b>	<b>310</b>
<b>Total Capital Funding</b>	<b>9,951</b>	<b>11,618</b>	<b>13,987</b>	<b>13,676</b>	<b>15,358</b>	<b>15,358</b>	<b>16,975</b>	<b>15,471</b>	<b>15,978</b>

**Explanatory notes to Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi – year and single – year appropriations); capital expenditure by standard classification; and funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Ntambanana Municipality has budgeted to spend R 16,976 million on capital expenditure for 2014/15 financial year and this allocation decreases to R 15,471 million in 2015/16 and again increases to R 15, 978 million in 2015/16 financial year.
3. The capital programme Ntambanana Municipality is funded from national & provincial grants and subsidies

**Table 14 MBRR Table A6 – Budgeted Financial Position**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	6,327	17,398	20,630	6,500	4,000	5,070	7,500	17,481	25,913
Call investment deposits	–	–	–	4,300	4,519	–	–	–	–
Consumer debtors	586	486	921	380	420	–	–	–	–
Other debtors	–	1,583	1,761	858	–	–	–	–	–
Current portion of long-term receivables	–	–	–	–	–	–	–	–	–
Inventory	–	–	–	–	–	–	–	–	–
<b>Total current assets</b>	<b>6,912</b>	<b>19,467</b>	<b>23,312</b>	<b>12,038</b>	<b>8,939</b>	<b>5,070</b>	<b>7,500</b>	<b>17,481</b>	<b>25,913</b>
<b>Non current assets</b>									
Long-term receivables	–	–	–	–	–	–	–	–	–
Investments	–	–	–	–	–	–	–	–	–
Investment property	–	–	–	–	–	–	–	–	–
Investment in Associate	–	–	–	–	–	–	–	–	–
Property, plant and equipment	–	37,619	49,338	25,300	28,000	62,415	76,960	89,846	103,072
Agricultural	–	–	–	–	–	–	–	–	–
Biological	–	–	–	–	–	–	–	–	–
Intangible	–	41	110	–	–	–	–	–	–
Other non-current assets	–	–	–	–	–	–	–	–	–
<b>Total non current assets</b>	<b>–</b>	<b>37,660</b>	<b>49,448</b>	<b>25,300</b>	<b>28,000</b>	<b>62,415</b>	<b>76,960</b>	<b>89,846</b>	<b>103,072</b>
<b>TOTAL ASSETS</b>	<b>6,912</b>	<b>57,127</b>	<b>72,760</b>	<b>37,338</b>	<b>36,939</b>	<b>67,485</b>	<b>84,460</b>	<b>107,326</b>	<b>128,985</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Consumer deposits	–	–	–	–	–	–	–	–	–
Trade and other payables	–	13,562	14,994	540	650	–	–	–	–
Provisions	–	487	565	–	–	–	–	–	–
<b>Total current liabilities</b>	<b>–</b>	<b>14,050</b>	<b>15,560</b>	<b>540</b>	<b>650</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Non current liabilities</b>									
Borrowing	–	–	–	–	–	–	–	–	–
Provisions	–	–	–	–	–	–	–	–	–
<b>Total non current liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>–</b>	<b>14,050</b>	<b>15,560</b>	<b>540</b>	<b>650</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET ASSETS</b>	<b>6,912</b>	<b>43,077</b>	<b>57,200</b>	<b>36,798</b>	<b>36,289</b>	<b>67,485</b>	<b>84,460</b>	<b>107,326</b>	<b>128,985</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	–	43,077	57,200	36,798	36,289	67,485	84,460	107,326	128,985
Reserves	–	–	–	–	–	–	–	–	–
Minorities' interests	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>–</b>	<b>43,077</b>	<b>57,200</b>	<b>36,798</b>	<b>36,289</b>	<b>67,485</b>	<b>84,460</b>	<b>107,326</b>	<b>128,985</b>

**Explanatory notes to Table A6 – Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet)
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets ready converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budget Financial Position.

Table 15 MBRR Table A7 – Budgeted Cash Flow Statement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	1,277	1,107	1,327	1,596	1,336	1,336	1,455	1,536	1,622
Government - operating	45,499	47,795	51,543	45,428	48,428	48,428	43,378	57,181	57,335
Government - capital	8,475	10,193	12,364	13,412	15,330	15,330	16,696	15,177	15,668
Interest	429	713	1,232	654	654	1,017	1,101	1,160	1,223
Dividends	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and employees	(45,167)	(40,717)	(49,143)	(55,066)	(67,451)	(66,312)	(43,225)	(49,603)	(51,439)
Finance charges	-	-	-	-	-	-	-	-	-
Transfers and Grants	-	-	-	(943)	(943)	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>10,512</b>	<b>19,091</b>	<b>17,322</b>	<b>5,081</b>	<b>(2,646)</b>	<b>(201)</b>	<b>19,405</b>	<b>25,451</b>	<b>24,410</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	-	6,048	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	(7,946)	(14,067)	(14,091)	-	(15,094)	(15,358)	(16,975)	(15,471)	(15,978)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(7,946)</b>	<b>(8,019)</b>	<b>(14,091)</b>	<b>-</b>	<b>(15,094)</b>	<b>(15,358)</b>	<b>(16,975)</b>	<b>(15,471)</b>	<b>(15,978)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Repayment of borrowing	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>2,567</b>	<b>11,072</b>	<b>3,231</b>	<b>5,081</b>	<b>(17,740)</b>	<b>(15,560)</b>	<b>2,430</b>	<b>9,981</b>	<b>8,432</b>
Cash/cash equivalents at the year begin:	3,760	6,326	17,398	20,630	20,630	20,630	5,070	7,500	17,481
Cash/cash equivalents at the year end:	6,326	17,398	20,630	25,711	2,890	5,070	7,500	17,481	25,913

Table 16 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	6,326	17,398	20,630	25,711	2,890	5,070	7,500	17,481	25,913
Other current investments > 90 days	0	(1)	0	(14,911)	5,629	(0)	(0)	(0)	(0)
Non current assets - Investments	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>6,327</b>	<b>17,398</b>	<b>20,630</b>	<b>10,800</b>	<b>8,519</b>	<b>5,070</b>	<b>7,500</b>	<b>17,481</b>	<b>25,913</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	-	13,066	13,250	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-
Other working capital requirements	(322)	(495)	(198)	2	530	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>(322)</b>	<b>12,570</b>	<b>13,051</b>	<b>2</b>	<b>530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus(shortfall)</b>	<b>6,649</b>	<b>4,827</b>	<b>7,579</b>	<b>10,798</b>	<b>7,989</b>	<b>5,070</b>	<b>7,500</b>	<b>17,481</b>	<b>25,913</b>

**Explanatory notes to Table A7 – Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in – flow that is likely to result from the implementation of the budget.

**Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

**Table 17 MBRR Table A9 – Asset Management**

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	-	-	-	-	-	-	-	-	-
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport									
Infrastructure - Electricity									
Infrastructure - Water									
Infrastructure - Sanitation									
Infrastructure - Other									
Infrastructure	-	-	-	-	-	-	-	-	-
Community		37,619	49,338	25,300	28,000	62,415	76,960	89,846	103,072
Heritage assets									
Investment properties	-	-	-	-	-	-	-	-	-
Other assets									
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	41	110	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	-	37,660	49,448	25,300	28,000	62,415	76,960	89,846	103,072
<b>EXPENDITURE OTHER ITEMS</b>									
<u>Depreciation &amp; asset impairment</u>	1,271	1,260	2,281	1,065	2,281	2,281	2,430	2,586	2,751
<u>Repairs and Maintenance by Asset Class</u>	391	277	1,426	983	983	983	1,215	1,123	1,184
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	5	-	-	12	12	12	12	13	14
Infrastructure	5	-	-	12	12	12	12	13	14
Community	-	-	-	-	-	-	150	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	386	277	1,426	972	972	972	1,053	1,110	1,170
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>1,662</b>	<b>1,537</b>	<b>3,707</b>	<b>2,048</b>	<b>3,264</b>	<b>3,264</b>	<b>3,645</b>	<b>3,709</b>	<b>3,935</b>
<b>Renewal of Existing Assets as % of total capex</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>	0.0%	0.7%	2.9%	3.9%	3.5%	1.6%	1.6%	1.3%	1.1%
<b>Renewal and R&amp;M as a % of PPE</b>	0.0%	1.0%	3.0%	4.0%	4.0%	2.0%	2.0%	1.0%	1.0%

Table 18 MBRR Table A10 – Basic service delivery measurement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling		608	610	710	710	710	781	859	945
Piped water inside yard (but not in dwelling)		2,250	2,300	2,400	2,400	2,400	2,640	2,904	3,194
Using public tap (at least min.service level)		3,264	3,500	3,600	3,600	3,600	3,960	4,356	4,792
Other water supply (at least min.service level)		1,375	1,450	1,550	1,550	1,550	1,705	1,876	2,063
Minimum Service Level and Above sub-total	-	7,497	7,860	8,260	8,260	8,260	9,086	9,995	10,994
Using public tap (< min.service level)		869	880	980	980	980	1,078	1,186	1,304
Other water supply (< min.service level)		329	350	450	450	450	495	545	599
No water supply		4,131	4,150	4,250	4,250	4,250	4,675	5,143	5,657
Below Minimum Service Level sub-total	-	5,329	5,380	5,680	5,680	5,680	6,248	6,873	7,560
<b>Total number of households</b>	-	<b>12,826</b>	<b>13,240</b>	<b>13,940</b>	<b>13,940</b>	<b>13,940</b>	<b>15,334</b>	<b>16,867</b>	<b>18,554</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)		228	260	360	360	360	396	436	479
Flush toilet (with septic tank)		216	220	320	320	320	352	387	426
Chemical toilet		351	420	520	520	520	572	629	692
Pit toilet (ventilated)		5,057	5,020	5,120	5,120	5,120	5,632	6,195	6,815
Other toilet provisions (> min.service level)		579	228	228	228	228	251	276	303
Minimum Service Level and Above sub-total	-	6,431	6,148	6,548	6,548	6,548	7,203	7,923	8,715
Bucket toilet		271	280	380	380	380	418	460	506
Other toilet provisions (< min.service level)		3,012	3,220	3,320	3,320	3,320	3,652	4,017	4,419
No toilet provisions		3,112	3,592	3,692	3,692	3,692	4,061	4,467	4,914
Below Minimum Service Level sub-total	-	6,395	7,092	7,392	7,392	7,392	8,131	8,944	9,839
<b>Total number of households</b>	-	<b>12,826</b>	<b>13,240</b>	<b>13,940</b>	<b>13,940</b>	<b>13,940</b>	<b>15,334</b>	<b>16,867</b>	<b>18,554</b>
<b>Energy:</b>									
Electricity (at least min.service level)		5,278	5,485	6,085	6,085	6,085	6,694	7,363	8,099
Electricity - prepaid (min.service level)									
Minimum Service Level and Above sub-total	-	5,278	5,485	6,085	6,085	6,085	6,694	7,363	8,099
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources		7,548	7,755	7,855	7,855	7,855	8,641	9,505	10,455
Below Minimum Service Level sub-total	-	7,548	7,755	7,855	7,855	7,855	8,641	9,505	10,455
<b>Total number of households</b>	-	<b>12,826</b>	<b>13,240</b>	<b>13,940</b>	<b>13,940</b>	<b>13,940</b>	<b>15,334</b>	<b>16,867</b>	<b>18,554</b>
<b>Refuse:</b>									
Removed at least once a week									
Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		412	619	719	719	719	791	870	957
Using communal refuse dump		146	146	246	246	246	271	298	327
Using own refuse dump		10,836	11,043	11,143	11,143	11,143	12,257	13,483	14,831
Other rubbish disposal		182	182	282	282	282	310	341	375
No rubbish disposal		1,250	1,250	1,550	1,550	1,550	1,705	1,876	2,063
Below Minimum Service Level sub-total	-	12,826	13,240	13,940	13,940	13,940	15,334	16,867	18,554
<b>Total number of households</b>	-	<b>12,826</b>	<b>13,240</b>	<b>13,940</b>	<b>13,940</b>	<b>13,940</b>	<b>15,334</b>	<b>16,867</b>	<b>18,554</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)									
Sanitation (free minimum level service)									
Electricity/other energy (50kwh per household per month)		1,559	1,820	1,820	1,820	1,820	2,002	2,202	2,422
Refuse (removed at least once a week)									
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)									
Sanitation (free sanitation service)									
Electricity/other energy (50kwh per household per month)	731	746	746	944	944	944	997	1,051	1,108
Refuse (removed once a week)									
<b>Total cost of FBS provided (minimum social p</b>	<b>731</b>	<b>746</b>	<b>746</b>	<b>944</b>	<b>944</b>	<b>944</b>	<b>997</b>	<b>1,051</b>	<b>1,108</b>



## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the municipal Budget Steering Committee states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal department are properly evaluated and prioritized in the allocation of resources.

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on August 2012. Key dates applicable to the process were.

- August 2013 – join strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2014/15 MTREF;
- November 2013 – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury for consolidation and assessment against the financial planning guidelines;
- January 2014 – Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This include financial forecasting and scenario considerations;
- January 2014 – Multi – year budget proposals are submitted to the Mayoral Committee for endorsement;
- January 2014 – Council considers the 2013/14 Mid – year Review and Adjustments Budget;
- February 2014 – recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on the respective departments. The draft 2014/15 MTREF is revised accordingly;
- March 2014 – Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- April 2014 – Public consultation;
- May 2014 – Closing date for written comments;
- May 2014 – finalization of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and

- 29 May 2013 – Tabling of the 2014/15 before Council for consideration and approval.

### **2.1.2 IDP and Service Delivery and Budgeted Implementation Plan**

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and developments actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Services Delivery and Budget Implementation Plan. The Process Plan of the municipality includes the following key IDP process and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring process.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14, Mid – year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid – year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Community Consultation**

The draft 2014/15 MTREF as tabled before Council on 25 March 2014 for community consultation was published on the municipality's website, and hard copies were made available at municipal offices and library.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalization of the 2014/15 MTREF.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local development and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilize integrated development planning as method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have role to play in the

development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solution towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One the key objective is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National Key Performance Indicators (NKIPs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 19 IDP Strategic Objectives**

<b>2014/15 Financial Year</b>	<b>2014/15 MTREF</b>
1. Improve Health Profile of the community	1. Municipal Transformation and Institutional Development
2. Human Resource Development	2. Local Economic development and Social Development
3. Rural Development	3. Basic Service and Infrastructure Development
4. Local Economic Development	4. Good governance and public participation
5. Infrastructure Development	5. Financial Viability and Management
6. Revenue Enhancement	6. Spatial Development and Environments
7. Corporate Governance	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarized as follows against the six strategic objectives:

1. Municipal Transformation and Institutional Development:

- ❖ Improve skills and capacity of councilors and staff.
- ❖ Improve skills and capacities of the community
- ❖ Strengthen programmes on technological advancement

2. Local Economic Development and Social Development:

- ❖ Promotion of Agricultural Development
- ❖ Development and Capacitating of SMME's and Local Entrepreneurs
- ❖ Promote Investor Confidence
- ❖ Effective Management of EPWP Incentives
- ❖ Reduce Water pollution
- ❖ Reduce Incidents of HIV/AIDS Infections
- ❖ Promote Healthy Lifestyle
- ❖ Minimize the effect of natural and other disaster

3. Basic Service and Infrastructure Development:

- ❖ Provision, upgrading and maintenance of infrastructure
- ❖ Increase Waste Management site
- ❖ Ensure an integrated management and information system

4. Good Governance and Public Participation:

- ❖ Ensure institutional development
- ❖ Ensure monitoring and evaluation of municipal performance
- ❖ Ensure leadership enhancement
- ❖ Ensure integrated development planning in order to achieve sustainable development
- ❖ Promote community empowerment
- ❖ Ensure compliance with all requirements of legislative framework

5. Financial Viability and Management:

- ❖ Enhance revenue collection
- ❖ Ensure that financial resources are efficiently and effectively allocated
- ❖ Ensure compliance with MFMA
- ❖ Ensure effective management and expenditure monitoring
- ❖ Ensure strategy towards clean audit 2014

6. Spatial Development and Environment:

- ❖ Spatial development framework
- ❖ Environmental Sustainability
- ❖ Ensure sustainable human settlements and land management

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategy objectives and operating revenue, operating expenditure and capital expenditure.

**Table 20 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Municipal Transformation and Institutional Development	To improve skills and capacities of councillors and staff, to improve skills and capacities of the community , to strengthen programmes on technological advancement		11,688	13,236	19,194	24,403	24,403		30,881	42,192	42,364
Local Economic Development and Social Development	Promotion of Agricultural Development, Development and Capacitating of SMME's and Local Entrepreneurs, promote Investor confidence, effective Management of EPWP Incentives, reduce water pollution, reduce incidents of HIV/AIDS infections and promote healthy lifestyle		3,567	4,664	6,392	8,383	22,092		8,785	9,148	9,881
Basic Service and Infrastructure development	Provision and upgrading and maintenance of infrastructure, increase waste management site and ensure an integrated management and information system		17,800	26,400	24,720	12,000	12,007		1,921	3,900	3,000
Good Governance and Public Participation	To ensure monitoring and evaluation of municipal performance, to ensure leadership enhancement, to achieve sustainable development, to promote community empowerment and to ensure compliance with all requirements of legislative framework		279	139	82	82	127		43	45	47
Financial Viability and Management	To enhance revenue collection, to ensure that financial resources are effectively and efficiently allocated, ensure compliance with MFMA, ensure effective and management and monitoring of expenditure and ensure strategy towards clean audit 2014.		2,439	3,374	4,445	4,052	7,200		4,304	4,592	4,888
Spacial Development and Environments	Spatial development framework, environmental sustainability and ensure sustainable human settlements and land management										
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			35,772	47,814	54,832	48,920	65,829	–	45,934	59,878	60,180

**Table 21 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Budgeted operating expenditure											
Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Municipal Transformation and Institutional Development	To improve skills and capacities of councillors and staff, to improve skills and		2,771	3,484		6,077	7,018	7,018	7,342	7,794	8,275
Local Economic Development and Social Development	Promotion of Agricultural Development, Development and Capacitating of SMME's		3,703	7,237		12,861	23,591	23,591	12,580	13,358	14,130
Basic Service and Infrastructure development	Provision and upgrading and maintenance of infrastructure, increase waste management		25,090	15,121		14,491	14,472	14,472	5,205	9,248	8,658
Good Governance and Public Participation	To ensure monitoring and evaluation of municipal performance, to ensure		2,946	3,066		19,004	30,671	30,671	20,181	21,394	22,628
Financial Viability and Management	To enhance revenue collection, to ensure that financial resources are		4,855	5,885		8,371	10,374	10,374	10,944	11,645	12,390
Spacial Development and Environments	Spatial development framework, environmental sustainability and ensure		255	352		1,251	762	762	1,366	1,451	1,542



**Table 22 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted (capital expenditure)**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Basic Service and Infrastructure development	Provision and upgrading and maintenance of infrastructure, increase waste management	A	8,363	10,095	13,987	13,676	15,358	15,358	16,975	15,471	15,978
		B									
		C									
		D									
		E									
		F									
		G									
		H									
		I									
		J									
		K									
		L									
		M									
		N									
		O									
		P									
Allocations to other priorities											
Total Capital Expenditure			8,363	10,095	13,987	13,676	15,358	15,358	16,975	15,471	15,978

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the

integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organizational performance which in turn is directly linked to individual employee's performance.

## **2.4 Overview of budget related - policies**

### **2.4.1 Review of credit control and debt collection procedures/policies**

The municipality has the credit control and debt collection policy in place, the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

### **2.4.2 Asset Management Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base.

### **2.4.3 Supply Chain Management Policy**

The municipality has Supply Chain Management Policy in place that gives effect to the procurement of goods and services of the municipality.

### **2.4.4 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and Municipality's system of delegations.

### **2.4.5 Cash Management and Investment Policy**

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of the certain reserves. The policy details minimum cash and cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

## **2.5 Overview of budget assumptions**

### **2.5.1 General inflation outlook and its impact on the municipal activities**

There are four factors that have been taken into consideration In the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and impact on Municipality's resident and businesses;
- The impact of municipal cost drivers and
- The wage agreement SALGABC concluded with the municipal workers unions on 31 July 2009

### **2.5.2 Collection rate for revenue services**

The rate of revenue collection is currently expressed as a percentage (37 per cent) of annual billings. Cash flow is assumed to be 37 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy.

### **2.5.3 Salary increases**

The collective agreement regarding salaries/wages came into effect on 1 July 2012. The municipality has increases its salaries by 6.80 per cent for 2014/15 financial year.

#### **2.5.4 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focused service delivery and in this regard various measures were implemented to align IDP's, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

## 2.6 Expenditure on grants and reconciliation of unspent funds

**Table 23 MBRR SA19 – Expenditure on transfers and grant programmes**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>35,867</b>	<b>29,002</b>	<b>46,113</b>	<b>37,943</b>	<b>37,943</b>	<b>37,943</b>	<b>35,386</b>	<b>49,009</b>	<b>48,482</b>
Local Government Equitable Share	13,236	17,674	19,194	24,403	24,403	24,403	30,881	42,192	42,364
Finance Management	1,200	1,450	1,533	1,650	1,650	1,650	1,800	1,950	2,100
Municipal Systems Improvement	750	790	845	890	890	890	934	967	1,018
Integrated National Electrification Programme	20,681	9,088	23,548	10,000	10,000	10,000	–	3,900	3,000
EPWP Incentive			993	1,000	1,000	1,000	1,771	–	–
Other transfers/grants [insert description]									
<b>Provincial Government:</b>	<b>–</b>	<b>146</b>	<b>447</b>	<b>634</b>	<b>634</b>	<b>634</b>	<b>2,911</b>	<b>699</b>	<b>956</b>
Sport and Recreation							2,250	–	–
Provincialisation of Libraries	–	146	447	634	634	634	661	699	956
<b>District Municipality:</b>	<b>–</b>	<b>526</b>	<b>3,415</b>	<b>6,851</b>	<b>6,851</b>	<b>6,851</b>	<b>7,181</b>	<b>7,473</b>	<b>7,897</b>
Refuse Removal	–	526	3,415	6,851	6,851	6,851	7,181	7,473	7,897
<b>Other grant providers:</b>	<b>–</b>	<b>–</b>	<b>1,124</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cogta - Corridor Development	–	–	1,124	–	–	–	–	–	–
<b>Total operating expenditure of Transfers and Grants</b>	<b>35,867</b>	<b>29,674</b>	<b>51,099</b>	<b>45,428</b>	<b>45,428</b>	<b>45,428</b>	<b>45,478</b>	<b>57,181</b>	<b>57,335</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>8,475</b>	<b>10,095</b>	<b>13,216</b>	<b>13,412</b>	<b>13,412</b>	<b>13,412</b>	<b>14,596</b>	<b>15,177</b>	<b>15,668</b>
Municipal Infrastructure Grant (MIG)	8,475	10,095	13,216	13,412	13,412	13,412	14,596	15,177	15,668
Other capital transfers/grants [insert desc]									
<b>Provincial Government:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Other capital transfers/grants [insert description]									
<b>District Municipality:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Refuse Removal	–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Lotto Grant	–	–	–	–	–	–	–	–	–
<b>Total capital expenditure of Transfers and Grants</b>	<b>8,475</b>	<b>10,095</b>	<b>13,216</b>	<b>13,412</b>	<b>13,412</b>	<b>13,412</b>	<b>14,596</b>	<b>15,177</b>	<b>15,668</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>44,342</b>	<b>39,769</b>	<b>64,315</b>	<b>58,840</b>	<b>58,840</b>	<b>58,840</b>	<b>60,074</b>	<b>72,358</b>	<b>73,003</b>

**Table 24 MBRR SA 20 – Reconciliation between of transfers, grant receipts and unspent funds**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	–	5,719	6,912	–	3,294	3,294	–	–	–
Current year receipts	41,586	35,914	42,494	37,943	37,943	37,943	35,386	49,009	48,482
<b>Conditions met - transferred to revenue</b>	<b>41,586</b>	<b>41,633</b>	<b>46,113</b>	<b>37,943</b>	<b>41,237</b>	<b>41,237</b>	<b>35,386</b>	<b>49,009</b>	<b>48,482</b>
Conditions still to be met - transferred to liabilities			3,294						
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	–	88	738		1,922	1,922	–	–	–
Current year receipts	–	233	3,485	514	514	514	2,911	699	956
<b>Conditions met - transferred to revenue</b>	<b>–</b>	<b>321</b>	<b>2,301</b>	<b>514</b>	<b>2,436</b>	<b>2,436</b>	<b>2,911</b>	<b>699</b>	<b>956</b>
Conditions still to be met - transferred to liabilities			1,922						
<b>District Municipality:</b>									
Balance unspent at beginning of the year	–	3,387	5,229		7,855	7,855	–	–	–
Current year receipts	3,913	5,452	6,041	6,851	6,851	6,851	7,181	7,473	7,897
<b>Conditions met - transferred to revenue</b>	<b>3,913</b>	<b>8,839</b>	<b>3,415</b>	<b>6,851</b>	<b>14,706</b>	<b>14,706</b>	<b>7,181</b>	<b>7,473</b>	<b>7,897</b>
Conditions still to be met - transferred to liabilities			7,855						
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	–	–	–	–	–	–	–	–	–
Current year receipts	–	–	–	–	–	–	–	–	–
<b>Conditions met - transferred to revenue</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Conditions still to be met - transferred to liabilities									
<b>Total operating transfers and grants revenue</b>	<b>45,499</b>	<b>50,793</b>	<b>51,828</b>	<b>45,308</b>	<b>58,379</b>	<b>58,379</b>	<b>45,478</b>	<b>57,181</b>	<b>57,335</b>
<b>Total operating transfers and grants - CTBM</b>	<b>–</b>	<b>–</b>	<b>13,071</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	–	–	98	–	(754)	(754)	–	–	–
Current year receipts	8,475	10,193	12,364	13,412	13,412	13,412	14,596	15,177	15,668
<b>Conditions met - transferred to revenue</b>	<b>8,475</b>	<b>10,193</b>	<b>13,216</b>	<b>13,412</b>	<b>12,658</b>	<b>12,658</b>	<b>14,596</b>	<b>15,177</b>	<b>15,668</b>
Conditions still to be met - transferred to liabilities			(754)						
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	–	–	–	–	–	–	–	–	–
Current year receipts	–	–	–	–	–	–	–	–	–
<b>Conditions met - transferred to revenue</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Conditions still to be met - transferred to liabilities									
<b>District Municipality:</b>									
Balance unspent at beginning of the year	–	–	–	–	–	–	–	–	–
Current year receipts	–	–	–	–	–	–	–	–	–
<b>Conditions met - transferred to revenue</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	–	–	–	–	–	–	–	–	–
Current year receipts	–	–	–	–	–	–	–	–	–
<b>Conditions met - transferred to revenue</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>	<b>8,475</b>	<b>10,193</b>	<b>13,216</b>	<b>13,412</b>	<b>12,658</b>	<b>12,658</b>	<b>14,596</b>	<b>15,177</b>	<b>15,668</b>
<b>Total capital transfers and grants - CTBM</b>	<b>–</b>	<b>–</b>	<b>(754)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>53,974</b>	<b>60,986</b>	<b>65,045</b>	<b>58,720</b>	<b>71,037</b>	<b>71,037</b>	<b>60,074</b>	<b>72,358</b>	<b>73,003</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>–</b>	<b>–</b>	<b>12,317</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## **2.7 Councillor and employee benefits**

**Table 25 MBRR SA22 – Summary of councillor and staff benefits**

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Summary of Employee and Councillor remuneration R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	1,609	1,933	2,046	2,196	2,565	2,565	2,631	2,786	2,940
Pension and UIF Contributions	–	137	–	–	–	–	–	–	–
Medical Aid Contributions	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	550	619	610	732	855	855	877	929	980
Cellphone Allowance	–	182	198	212	334	334	357	378	398
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	57	93	96	96	101	107	113
<b>Sub Total - Councillors</b>	<b>2,159</b>	<b>2,871</b>	<b>2,912</b>	<b>3,233</b>	<b>3,850</b>	<b>3,850</b>	<b>3,966</b>	<b>4,200</b>	<b>4,431</b>
<b>% increase</b>		<b>33.0%</b>	<b>1.4%</b>	<b>11.0%</b>	<b>19.1%</b>		<b>3.0%</b>	<b>5.9%</b>	<b>5.5%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	1,621	1,673	1,443	1,877	1,867	1,867	1,985	2,112	2,247
Pension and UIF Contributions	1	17	–	5	5	5	5	6	6
Medical Aid Contributions	–	–	–	–	–	–	–	–	–
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	151	161	263	261	261	278	296	315
Motor Vehicle Allowance	468	503	326	537	534	534	571	607	646
Cellphone Allowance	–	41	–	45	45	45	45	48	51
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	–	3	31	27	24	24	26	27	29
Payments in lieu of leave	–	–	–	60	60	60	64	68	72
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>	<b>2,090</b>	<b>2,388</b>	<b>1,960</b>	<b>2,814</b>	<b>2,796</b>	<b>2,796</b>	<b>2,973</b>	<b>3,163</b>	<b>3,365</b>
<b>% increase</b>		<b>14.2%</b>	<b>(17.9%)</b>	<b>43.6%</b>	<b>(0.6%)</b>		<b>6.3%</b>	<b>6.4%</b>	<b>6.4%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	5,552	3,678	3,908	5,435	6,537	6,537	7,238	7,701	8,194
Pension and UIF Contributions	732	542	593	993	1,333	1,333	1,307	1,390	1,479
Medical Aid Contributions	234	265	392	468	578	578	578	615	654
Overtime	91	150	131	147	231	231	230	245	261
Performance Bonus	–	285	275	–	495	495	530	563	599
Motor Vehicle Allowance	943	447	624	766	735	735	937	997	1,061
Cellphone Allowance	–	–	–	–	–	–	–	–	–
Housing Allowances	45	37	45	100	106	106	144	153	163
Other benefits and allowances	–	32	86	150	182	182	204	218	231
Payments in lieu of leave	–	–	–	156	179	179	203	216	230
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
<b>Sub Total - Other Municipal Staff</b>	<b>7,597</b>	<b>5,437</b>	<b>6,054</b>	<b>8,215</b>	<b>10,376</b>	<b>10,376</b>	<b>11,371</b>	<b>12,099</b>	<b>12,873</b>
<b>% increase</b>		<b>(28.4%)</b>	<b>11.4%</b>	<b>35.7%</b>	<b>26.3%</b>		<b>9.6%</b>	<b>6.4%</b>	<b>6.4%</b>
<b>Total Parent Municipality</b>	<b>11,846</b>	<b>10,695</b>	<b>10,926</b>	<b>14,262</b>	<b>17,022</b>	<b>17,022</b>	<b>18,309</b>	<b>19,461</b>	<b>20,669</b>
		<b>(9.7%)</b>	<b>2.2%</b>	<b>30.5%</b>	<b>19.4%</b>		<b>7.6%</b>	<b>6.3%</b>	<b>6.2%</b>
<b>Board Members of Entities</b>									
Basic Salaries and Wages	–	–	–	–	–	–	–	–	–
Pension and UIF Contributions	–	–	–	–	–	–	–	–	–
Medical Aid Contributions	–	–	–	–	–	–	–	–	–
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	–	–	–	–	–	–	–	–	–
Cellphone Allowance	–	–	–	–	–	–	–	–	–
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	–	–	–	–	–	–	–
Board Fees	–	–	–	–	–	–	–	–	–
Payments in lieu of leave	–	–	–	–	–	–	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
<b>Sub Total - Board Members of Entities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>% increase</b>									
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	–	–	–	–	–	–	–	–	–
Pension and UIF Contributions	–	–	–	–	–	–	–	–	–
Medical Aid Contributions	–	–	–	–	–	–	–	–	–
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	–	–	–	–	–	–	–	–	–
Cellphone Allowance	–	–	–	–	–	–	–	–	–
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	–	–	–	–	–	–	–
Payments in lieu of leave	–	–	–	–	–	–	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Entities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>% increase</b>									
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	–	–	–	–	–	–	–	–	–
Pension and UIF Contributions	–	–	–	–	–	–	–	–	–
Medical Aid Contributions	–	–	–	–	–	–	–	–	–
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	–	–	–	–	–	–	–	–	–
Cellphone Allowance	–	–	–	–	–	–	–	–	–
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	–	–	–	–	–	–	–
Payments in lieu of leave	–	–	–	–	–	–	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
<b>Sub Total - Other Staff of Entities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>% increase</b>									
<b>Total Municipal Entities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>11,846</b>	<b>10,695</b>	<b>10,926</b>	<b>14,262</b>	<b>17,022</b>	<b>17,022</b>	<b>18,309</b>	<b>19,461</b>	<b>20,669</b>
<b>% increase</b>		<b>(9.7%)</b>	<b>2.2%</b>	<b>30.5%</b>	<b>19.4%</b>		<b>7.6%</b>	<b>6.3%</b>	<b>6.2%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>9,687</b>	<b>7,824</b>	<b>8,014</b>	<b>11,029</b>	<b>13,172</b>	<b>13,172</b>	<b>14,344</b>	<b>15,262</b>	<b>16,238</b>

**Table 26 MBRR SA23 – Salaries, allowances and benefits (political office bearers/councilors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
<b>Councillors</b>							
Speaker		209,445	3,054	95,947			308,446
Chief Whip		–	–	–			–
Executive Mayor		261,807	3,752	113,401			378,960
Deputy Executive Mayor		209,445	3,054	95,947			308,446
Executive Committee		196,355	2,879	91,584			290,818
Total for all other councillors		1,754,106	26,524	898,284			2,678,914
<b>Total Councillors</b>	–	<b>2,631,158</b>	<b>39,263</b>	<b>1,295,162</b>			<b>3,965,583</b>
<b>Senior Managers of the Municipality</b>							
Municipal Manager (MM)		698,807	33,215	215,899	97,833		1,045,753
Chief Finance Officer		642,915	30,707	199,826	90,008		963,456
Director Corporate & Community		642,915	30,707	199,826	90,008		963,456
							–
							–
<i>List of each official with packages &gt;= senior manager</i>							–
							–
							–
							–
							–
							–
							–
							–
							–
<b>Total Senior Managers of the Municipality</b>	–	<b>1,984,637</b>	<b>94,628</b>	<b>615,551</b>	<b>277,849</b>		<b>2,972,665</b>
<b>A Heading for Each Entity</b>							
List each member of board by designation							–
							–
							–
							–
							–
							–
							–
							–
							–
							–
							–
							–
<b>Total for municipal entities</b>	–	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	–	<b>4,615,795</b>	<b>133,892</b>	<b>1,910,713</b>	<b>277,849</b>		<b>6,938,248</b>



**Table 27 MBRR – Summary of personnel numbers**

Summary of Personnel Numbers		2012/13			Current Year 2013/14			Budget Year 2014/15		
Number		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		16	–	16	16	–	16	16	–	16
Board Members of municipal entities	–	–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>										
Municipal Manager and Senior Managers		3	–	3	3	–	3	3	–	3
Other Managers		4	–	4	6	6	–	6	6	–
Professionals		31	26	5	39	33	6	31	27	4
Finance		8	4	4	9	6	3	10	6	4
Spatial/town planning		2	1	1	2	1	1	1	1	–
Information Technology		3	3	–	–	–	–	–	–	–
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		18	18	–	28	26	2	20	20	–
Technicians		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		1	1	–	1	1	–	1	1	–
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>		<b>55</b>	<b>27</b>	<b>28</b>	<b>65</b>	<b>40</b>	<b>25</b>	<b>57</b>	<b>34</b>	<b>23</b>
<b>% increase</b>					18.2%	48.1%	(10.7%)	(12.3%)	(15.0%)	(8.0%)
<b>Total municipal employees headcount</b>										
Finance personnel headcount										
Human Resources personnel headcount										

## 2.8 Municipal manager's quality certificate

I ....., municipal manager of Ntambanana Local Municipality hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Acting Municipal Manager of \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_